

MINUTE ITEM

5/26/66

20. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 6116.

After consideration of Calendar Item 8 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2206.1 THROUGH DECEMBER 13, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 8 (1 page)

8.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 6116.

An application has been received from Texaco Inc. requesting a deferment of drilling requirements for a period of six months from June 13, 1966.

Oil and Gas Lease P.R.C. 2206.1, containing 3,840 acres more or less of tide and submerged lands in Santa Barbara County, was issued July 25, 1958, to Texas Company, Monterey Oil Company, and Newmont Oil Company pursuant to competitive public bidding. On October 26, 1961, all interests were assigned to Texaco Inc.

Texaco, in developing the lease, constructed a drilling and production platform and drilled twelve wells and three deep core holes. Eight wells are currently producing.

Development of the lease has resulted in expenditures by the lessees of more than \$220,000 per well, which does not include the initial cash bonus paid to the State for the issuance of the lease, the evaluation expenses, the geological and geophysical costs, and the lease rentals. The Commission since February 27, 1962, has granted deferments of drilling requirements through June 13, 1966.

In late 1965, Texaco conducted a detailed digital seismic survey on and adjacent to this lease. A total of 113 miles of line was shot, entailing the gathering of data from over 900 shot-points. The lessee states that because of the large quantity of data and the contractor's schedule for computer time, additional time will be required to process information to be used in a coordinated geological review based upon the geophysical results.

In order to permit completion of the review and evaluation of the geophysical and geological data, Texaco has requested an additional six-month deferment.

In conformance with current Commission practice of granting deferments for periods not in excess of six months,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2206.1 THROUGH DECEMBER 13, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.